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UNITED STATES BANKRUPTCY COURT
DISTRICT OF NEVADA

In re

CASH CLOUD, INC.,
dba COIN CLOUD,

Debtor.

Case No. BK-23-10423-mkn

Chapter 11

**DEBTOR’S REPLY IN SUPPORT OF
EMERGENCY MOTION FOR ORDER
AUTHORIZING DEBTOR’S ENTRY INTO
INTERIM MANAGEMENT SERVICES
AGREEMENT PENDING APPROVAL OF
SALE OF DEBTOR’S ASSETS**

Hearing Date: June 28, 2023

Hearing Time: 10:30 a.m.

Cash Cloud, Inc. d/b/a Coin Cloud (the “Debtor”), debtor and debtor-in-possession in the above-captioned chapter 11 case, by and through its undersigned counsel, Fox Rothschild LLP, hereby files the Debtor’s *Reply* to the *Objection* [ECF No. 755] (the “Objection”) filed by CKDL Credit, LLC (the “DIP Lender”) to the Debtor’s *Emergency Motion for Order Authorizing Debtor’s Entry Into Interim Management Services Agreement Pending Approval of Sale of Debtor’s Assets* [ECF No. 710] (the “Motion”),¹ as follows:

¹ Capitalized terms not defined herein have the meanings ascribed to them in the Motion.

1 In its Objection, the DIP Lender raises three concerns and requests: *first*, that the Management
 2 Agreement not become effective until Court approval; *second*, that the Management Agreement not
 3 interfere with the Debtor's control and collection of its Cash Equivalents; and *third*, that the Debtor
 4 pay the DIP Lender in full from available cash. The Debtor will address all three concerns below.

5 *First*, the Management Agreement is, of course, subject to Court approval (as evidenced by
 6 the Motion). Due to a precipitous drop in revenue, coupled with the impending asset sale, the Debtor
 7 closed its business on June 11, 2023, and shut down all digital currency machines ("DCMs"). The
 8 Debtor was not generating sufficient revenue to pay wages to its remaining skeletal staff or the
 9 current rent on any of the host lease agreements. As part of the sale, Heller Capital Group, LLC (the
 10 "Buyer") intends to purchase approximately 1783 host lease agreements (the "Assumed Host
 11 Agreements") by paying all cure amounts and assuming all liabilities going forward. Unless the
 12 Manager was able to quickly step in and fund ongoing operations, the value of the Assumed Host
 13 Agreements would have plummeted due to the extended down time and disruption in service at these
 14 locations. Accordingly, the Debtor is seeking Court approval of the Management Agreement today,
 15 authorizing the Debtor to enter into and perform under the Management Agreement as of June 15,
 16 2023. See Ayala Declaration, ¶4.

17 *Second*, there is no dispute that all cash in the DCMs as of June 11, 2023, is property of the
 18 Estate. The Debtor is making every effort to collect all of the cash, but the process will take some
 19 time, given that there are over 3500 locations. The Debtor has sent armored carriers to collect the
 20 cash from as many field locations as possible (concentrating on those with higher cash
 21 balances). The Buyer intends to consolidate and service the machines in a select group of central
 22 warehouse locations over the coming months. To the extent that the Debtor is unable to collect the
 23 cash through its armored carriers in the field before the Buyer picks the machines up, the Debtor will
 24 be able to collect the cash from those machines in the warehouse. A copy of a draft workflow chart
 25 regarding collection of the Debtor's cash is attached to the Ayala Declaration as **Exhibit 1**. See
 26 Ayala Declaration, ¶ 5 & Exhibit 1.

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1 *Finally*, as counsel for the Debtor relayed to counsel for the DIP Lender, the Debtor intends
2 to pay off the DIP Loan from the cash collections and anticipates being able to do so within the next
3 few weeks. See Ayala Declaration, ¶ 6.

4 **WHEREFORE**, for the reasons and based on the authorities cited in the Motion and above,
5 the Debtor respectfully requests that the Court overrule the Objection and grant the Motion in its
6 entirety.

7 Dated this 26th day of June 2023.

8 **FOX ROTHSCHILD LLP**

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10 By: /s/Brett A. Axelrod
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